

USD Sentiment Steadies on First Increase in Longs in Six Weeks

Data in this report cover up to Tuesday Jan 21 & were released Friday Jan 24

- CFTC data for the week through Tuesday showed overall positioning in the USD improve after six, successive weeks of (overall) long liquidation. Aggregated positioning in the major currencies reflected a build on USD longs of USD861mn to (a still relatively low) USD3.1bn. If the increase in exposure to the USD caught the market mood, the breakdown in positioning in the individual currencies suggests that speculative accounts have perhaps had a tough few days.
- Positioning changes through Jan 21 and subsequent trading developments may have wrought a fare bit of damage to speculative exposures. The biggest change in this week's data—and something that accounts for the lion's share of the overall swing back in favour of the USD—was a USD1.5bn increase in net JPY shorts, driven mainly by outright JPY shorting activity. Since Tuesday, however, the JPY has been the best-performing G-10 currency.
- Meanwhile, traders and investors lightened net EUR shorts modestly and reduced net AUD shorts very slightly—and both currencies have under-performed. Investors were more constructive on the CAD (net longs increasing USD415mn) and the MXN (net longs rising again, if only marginally, to a new record). But both currencies have under-performed following the BoC policy decision and the wave of Wuhan virus-driven market volatility. A minor flip in positioning in the CHF (to a small net long—the first since Aug 2017) also went unrewarded while a USD533mn drop in net bullish GBP bets through Tuesday has also been contradicted by the GBP's subsequent (if minor) gains.
- Lastly, the emergence of a small net NZD long has been rewarded with a small gain in the currency through the end of the week, ditto for the add to net gold longs.

| 21-Jan | Sentiment | | \$mns | |
|------------------------------|-----------|------------|----------|----------|
| | Bias | Trend | Position | w/w chg. |
| CAD | bullish | increasing | 2,930 | 415 |
| AUD | bearish | neutral | -1,321 | 97 |
| NZD | neutral | neutral | 121 | 145 |
| MXN | bullish | neutral | 4,527 | 117 |
| EUR | bearish | neutral | -6,513 | 189 |
| GBP | bullish | decreasing | 2,033 | -533 |
| CHF | neutral | neutral | 198 | 223 |
| JPY | bearish | increasing | -5,086 | -1,514 |
| Gold | bullish | neutral | 49,502 | 136 |
| Total USD pos'n (excl. gold) | | | 3,111 | 861 |

CAD — NON-COMMERCIAL POSITIONING

| Date | (\$MM) | Position - Contracts of 100,000 CAD | | | | | Open Int. |
|--------|--------|-------------------------------------|--------|--------|---------|---------|-----------|
| | Net | Long | Short | Net | Net w/w | | |
| 21-Jan | 2,930 | 74,399 | 36,105 | 38,294 | 5,442 | 188,596 | |
| 14-Jan | 2,515 | 70,428 | 37,576 | 32,852 | 6,485 | 190,229 | |
| 7-Jan | 2,028 | 68,756 | 42,389 | 26,367 | 14,454 | 189,996 | |
| 31-Dec | 917 | 63,961 | 52,048 | 11,913 | 3,416 | 175,666 | |

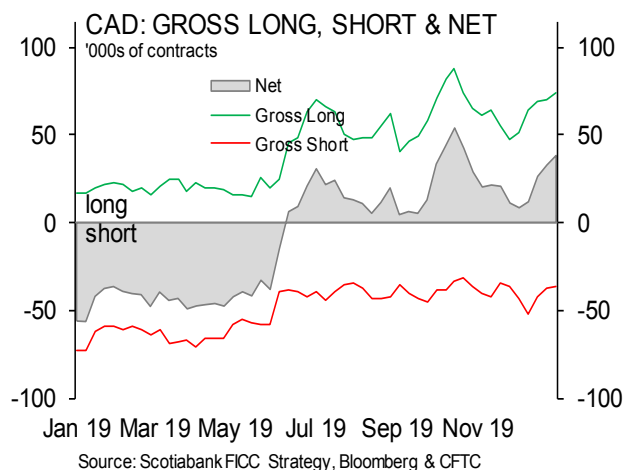
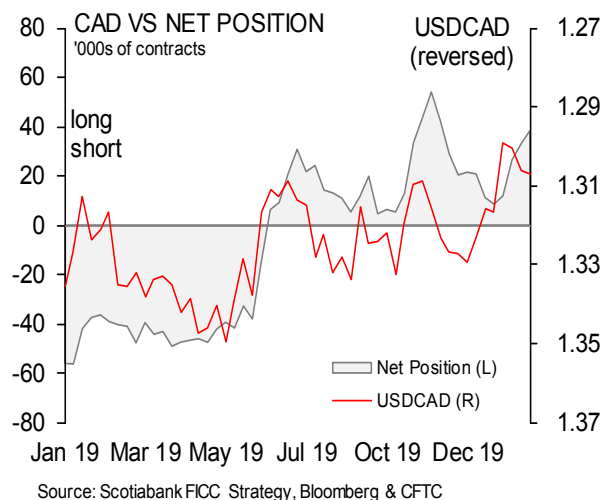
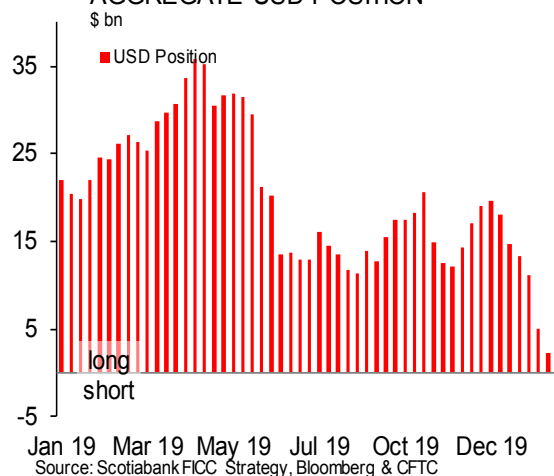


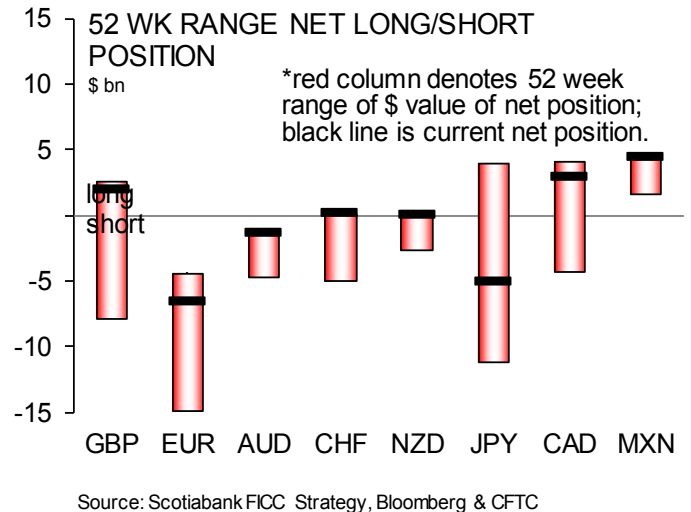
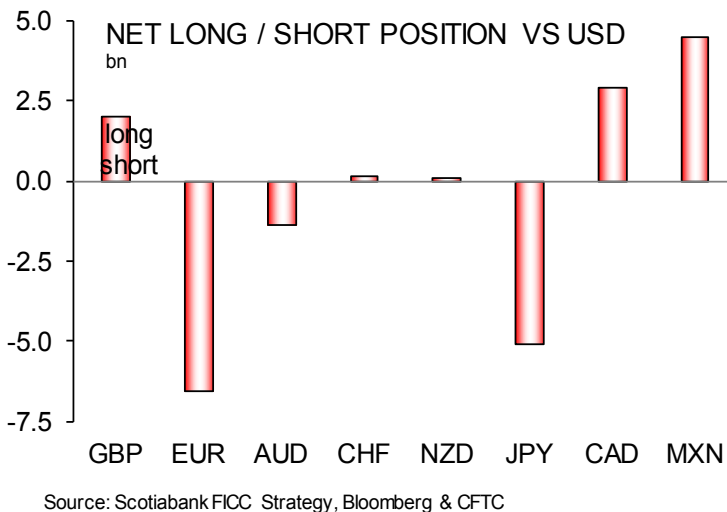
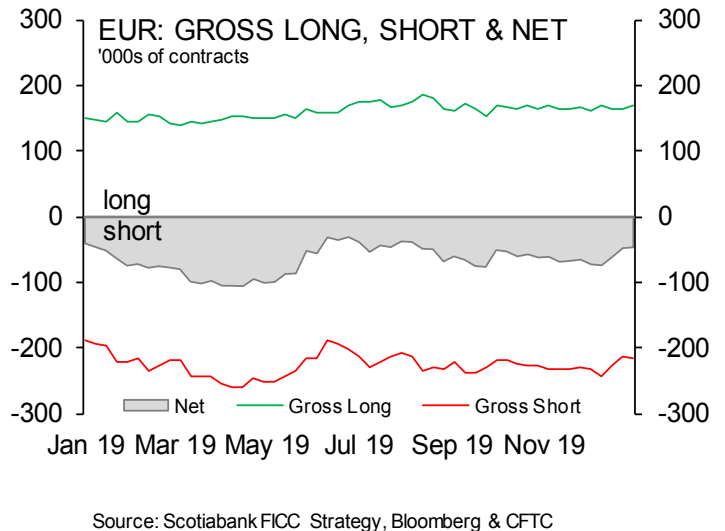
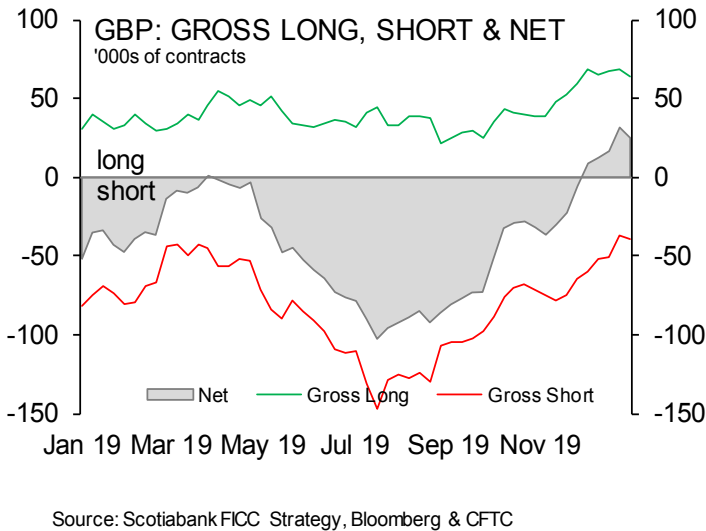
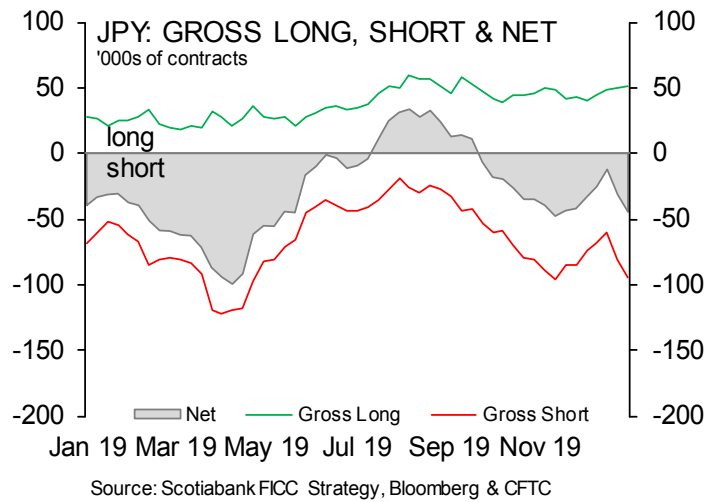
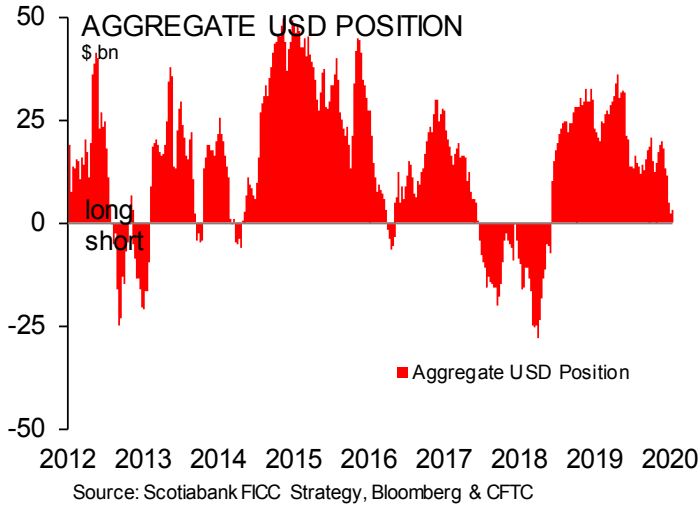
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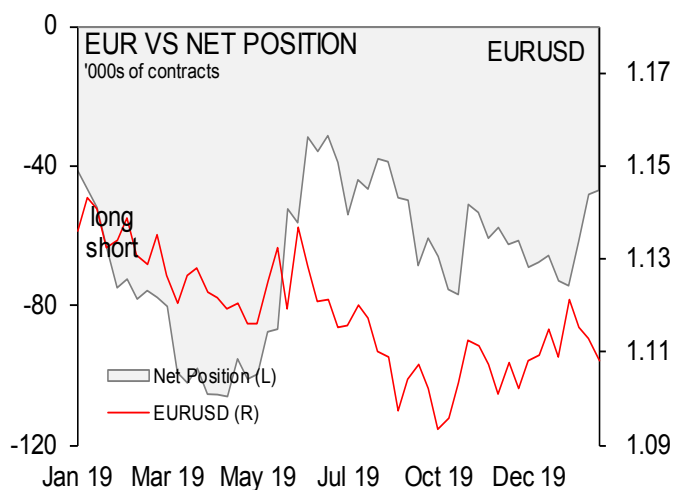
Shaun Osborne
Chief FX Strategist
416.945.4538
shaun.osborne@scotiabank.com

Juan Manuel Herrera
FX Strategist
416.866.6781
juanmanuel.herrera@scotiabank.com

AGGREGATE USD POSITION



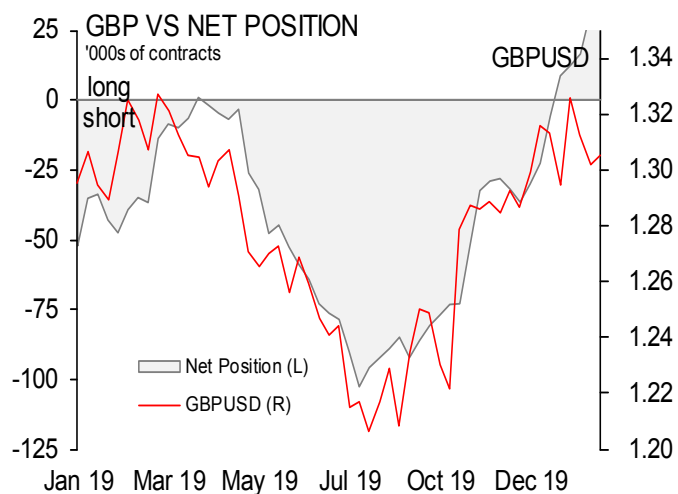




Source: Scotiabank FICC Strategy, Bloomberg & CFTC

EUR — NON-COMMERCIAL POSITIONING

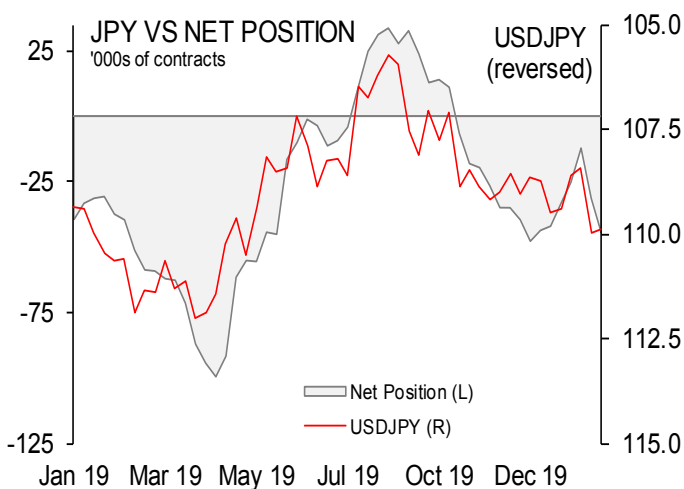
| Date | (\$MM) | Position - Contracts of 125,000 EUR | | | | |
|--------|---------|-------------------------------------|---------|---------|---------|-----------|
| | Net | Long | Short | Net | Net w/w | Open Int. |
| 21-Jan | -6,513 | 168,216 | 215,235 | -47,019 | 1,163 | 582,164 |
| 14-Jan | -6,702 | 163,881 | 212,063 | -48,182 | 13,482 | 571,239 |
| 7-Jan | -8,597 | 164,813 | 226,477 | -61,664 | 12,681 | 555,940 |
| 31-Dec | -10,420 | 168,852 | 243,197 | -74,345 | -1,402 | 557,585 |



Source: Scotiabank FICC Strategy, Bloomberg & CFTC

GBP — NON-COMMERCIAL POSITIONING

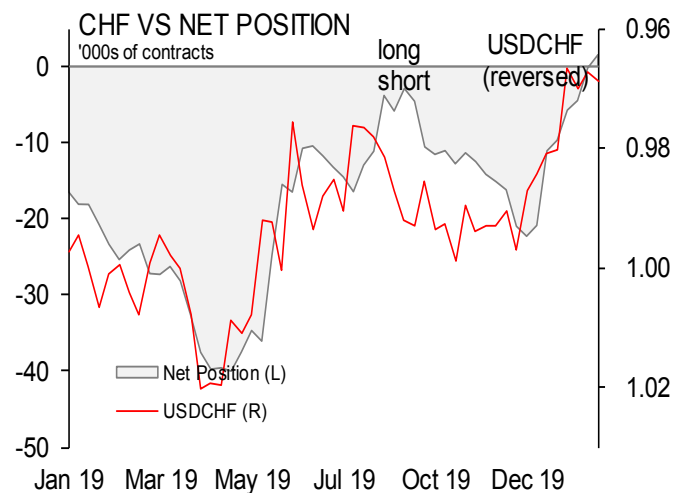
| Date | (\$MM) | Position - Contracts of 62,500 GBP | | | | |
|--------|--------|------------------------------------|--------|--------|---------|-----------|
| | Net | Long | Short | Net | Net w/w | Open Int. |
| 21-Jan | 2,033 | 64,256 | 39,334 | 24,922 | -6,610 | 194,625 |
| 14-Jan | 2,566 | 68,816 | 37,284 | 31,532 | 15,022 | 196,536 |
| 7-Jan | 1,354 | 67,403 | 50,893 | 16,510 | 4,117 | 197,490 |
| 31-Dec | 1,027 | 64,574 | 52,181 | 12,393 | 3,696 | 206,784 |



Source: Scotiabank FICC Strategy, Bloomberg & CFTC

JPY — NON-COMMERCIAL POSITIONING

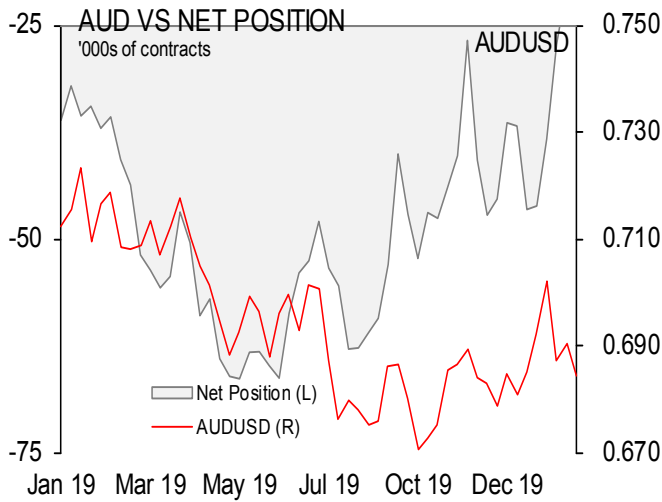
| Date | (\$MM) | Position - Contracts of 12.5MM JPY | | | | |
|--------|--------|------------------------------------|--------|---------|---------|-----------|
| | Net | Long | Short | Net | Net w/w | Open Int. |
| 21-Jan | -5,086 | 50,596 | 95,297 | -44,701 | -13,271 | 203,579 |
| 14-Jan | -3,572 | 49,720 | 81,150 | -31,430 | -19,182 | 183,863 |
| 7-Jan | -1,412 | 47,846 | 60,094 | -12,248 | 13,054 | 162,094 |
| 31-Dec | -2,912 | 43,668 | 68,970 | -25,302 | 8,240 | 174,966 |



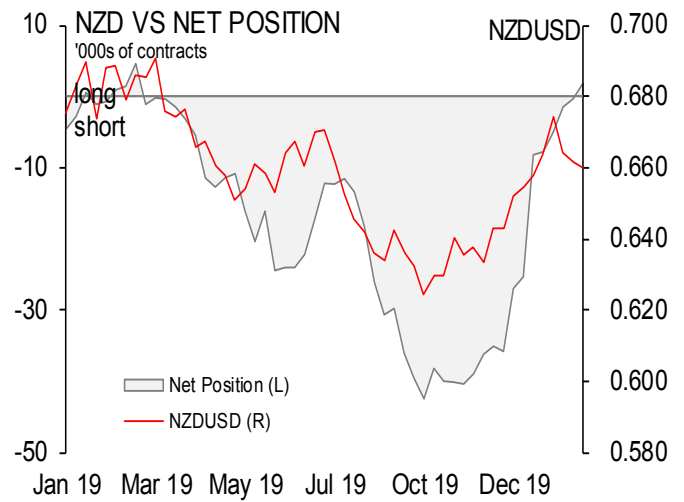
Source: Scotiabank FICC Strategy, Bloomberg & CFTC

CHF — NON-COMMERCIAL POSITIONING

| Date | (\$MM) | Position - Contracts of 125,000 CHF | | | | |
|--------|--------|-------------------------------------|--------|--------|---------|-----------|
| | Net | Long | Short | Net | Net w/w | Open Int. |
| 21-Jan | 198 | 12,375 | 10,839 | 1,536 | 1,728 | 50,368 |
| 14-Jan | -25 | 12,417 | 12,609 | -192 | 4,277 | 49,118 |
| 7-Jan | -576 | 11,298 | 15,767 | -4,469 | 1,256 | 49,365 |
| 31-Dec | -740 | 14,549 | 20,274 | -5,725 | 3,954 | 55,514 |



Source: Scotiabank FICC Strategy, Bloomberg & CFTC



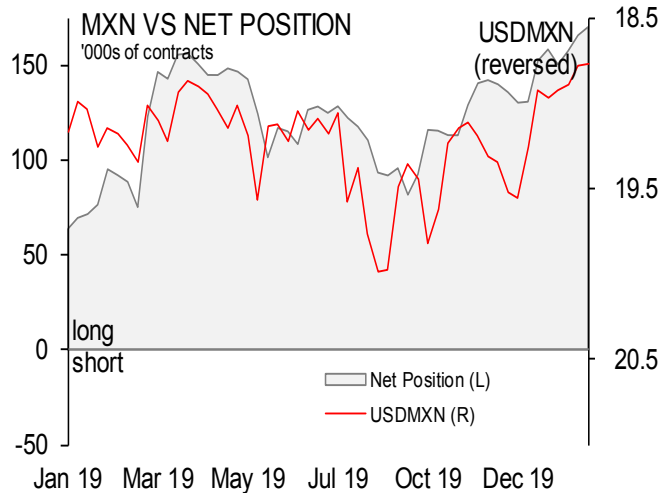
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AUD — NON-COMMERCIAL POSITIONING

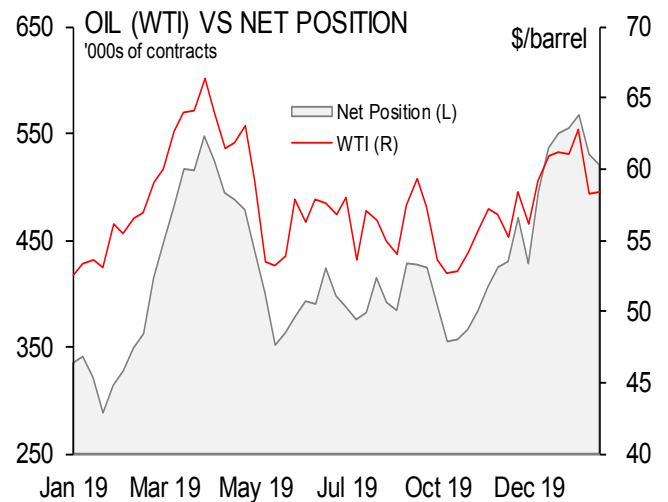
| Date | (\$MM) | Position - Contracts of 100,000 AUD | | | | Open Int. |
|--------|--------|-------------------------------------|--------|---------|---------|-----------|
| | Net | Long | Short | Net | Net w/w | |
| 21-Jan | -1,321 | 42,359 | 61,660 | -19,301 | 1,248 | 139,478 |
| 14-Jan | -1,418 | 43,769 | 64,318 | -20,549 | 6,700 | 144,568 |
| 7-Jan | -1,872 | 52,063 | 79,312 | -27,249 | 11,090 | 157,739 |
| 31-Dec | -2,692 | 49,430 | 87,769 | -38,339 | 7,825 | 164,305 |

NZD — NON-COMMERCIAL POSITIONING

| Date | (\$MM) | Position - Contracts of 100,000 NZD | | | | Open Int. |
|--------|--------|-------------------------------------|--------|--------|---------|-----------|
| | Net | Long | Short | Net | Net w/w | |
| 21-Jan | 121 | 24,112 | 22,279 | 1,833 | 2,194 | 48,300 |
| 14-Jan | -24 | 24,085 | 24,446 | -361 | 1,127 | 48,651 |
| 7-Jan | -99 | 27,369 | 28,857 | -1,488 | 3,570 | 50,802 |
| 31-Dec | -341 | 23,893 | 28,951 | -5,058 | 2,738 | 48,744 |



Source: Scotiabank FICC Strategy, Bloomberg & CFTC



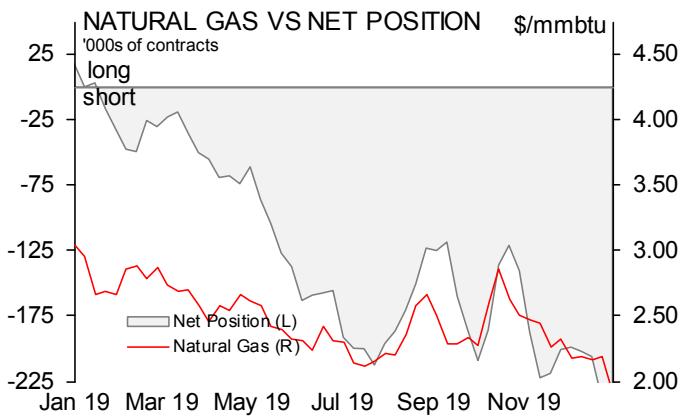
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MXN — NON-COMMERCIAL POSITIONING

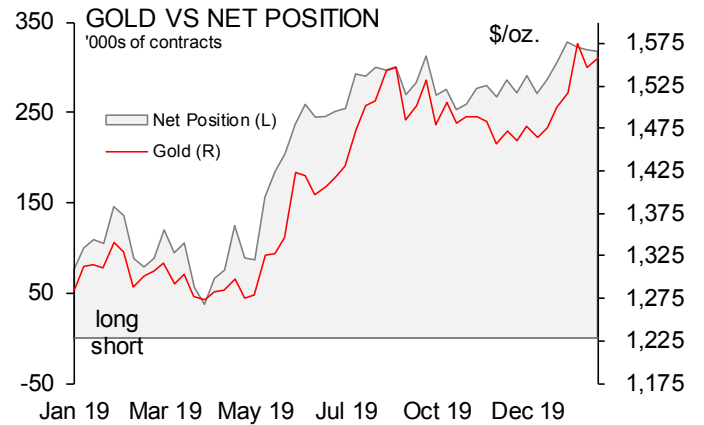
| Date | (\$MM) | Position - Contracts of 500,000 MXN | | | | Open Int. |
|--------|--------|-------------------------------------|--------|---------|---------|-----------|
| | Net | Long | Short | Net | Net w/w | |
| 21-Jan | 4,527 | 211,681 | 41,710 | 169,971 | 4,331 | 299,980 |
| 14-Jan | 4,409 | 207,127 | 41,487 | 165,640 | 8,322 | 294,039 |
| 7-Jan | 4,163 | 203,580 | 46,262 | 157,318 | 7,052 | 283,332 |
| 31-Dec | 3,970 | 193,069 | 42,803 | 150,266 | -7,950 | 277,946 |

NYMEX Crude — NON-COMMERCIAL POSITIONING

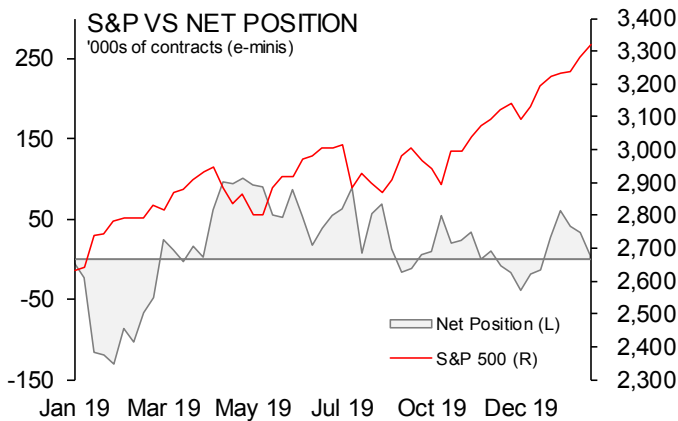
| Date | (\$MM) | Position - Contracts of 1000 barrels | | | | Open Int. |
|--------|--------|--------------------------------------|--------|---------|---------|-----------|
| | Net | Long | Short | Net | Net w/w | |
| 21-Jan | 30,370 | 599,228 | 78,660 | 520,568 | -9,744 | 2,146,832 |
| 14-Jan | 30,880 | 610,444 | 80,132 | 530,312 | -36,960 | 2,215,893 |
| 7-Jan | 35,568 | 639,009 | 71,737 | 567,272 | 12,415 | 2,244,930 |
| 31-Dec | 33,880 | 626,848 | 71,991 | 554,857 | 4,780 | 2,145,567 |



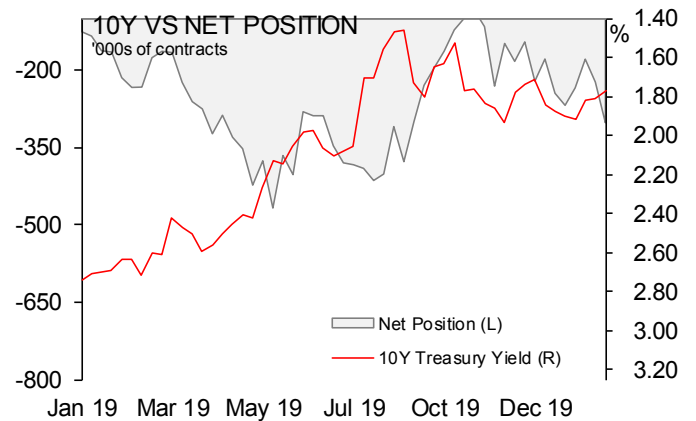
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